

Israelis Act to Stop Disorder, Seize Hundreds of Palestinians

By John Kifner New York Times Service JERUSALEM — The Israeli Army arrested hundreds of Palestinians in sweeps as the government pressed tough measures Wednesday to smother two weeks of disorders in which at least 22 protesters have been shot to death.

Soviet Afghan Offensive Is the Biggest in 2 Years

By David B. Ottaway Washington Post Service WASHINGTON — The Soviet Union has opened its biggest military operation in Afghanistan in two years, with 10,000 Soviet and Afghan troops fighting their way across a mountain road closed for seven years to break a siege by U.S.-armed guerrillas of the long-isolated garrison town of Khost.

The unusual winter offensive, at a time when Soviet leaders are increasingly talking about withdrawing their troops from Afghanistan, has puzzled U.S. military analysts. They said there was no way the Russians can keep the road open, even if the combined Soviet-Afghan force reaches Khost.

Kiosk

All Are Freed In Rome Hijack

ROME (AP) — A young hijacker of a KLM airliner was seized by security police Wednesday night at Rome's Leonardo da Vinci airport, and all 97 people aboard left the plane unharmed, control tower officials said.



Colonel Oliver L. North, whose lawyer sought a pardon for him from the White House. Page 3.

GENERAL NEWS

- Manila's Christmas, marred by a ferry disaster, is labeled a "national tragedy." Page 2.
Iran resumed loading of oil at its Larak Island terminal after an Iraqi air strike. Page 2.
U.S. budget cuts are expected to have only a minimal impact on the deficit. Page 3.
BUSINESS/FINANCE
Durable goods orders in the United States last month were better than expected. Page 9.

Dow close: UP 27.19 The dollar in New York: DM 5 Yen FF 1.6335 1.8265 126.55 5.5275

Troops also surrounded the Amari refugee camp near Ramallah. In a cold, drizzling rain for much of Wednesday, the reinforced army patrols met only scattered incidents of stone throwing.

In other developments, the UN Security Council adopted a resolution strongly deploring Israel's handling of the disturbances in the occupied territories. The United States abstained. All 14 other council members voted in favor.

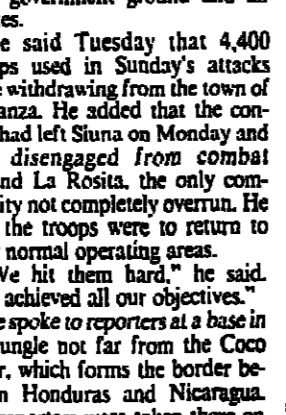
The resolution "strongly deplors" Israeli policies and practices in the occupied areas that "violate the human rights of the Palestinian people, and in particular the opening of fire by the Israeli Army, resulting in the killing and wounding of defenseless Palestinian civilians."

The Foreign Ministry formally protested the United States' failure to veto the UN resolution. The Associated Press reported from Jerusalem. A statement defended Israel's actions in dealing with Arab rioters and said that Israel was doing its utmost to maintain order in the area "while displaying the highest degree of self-restraint."

Outlining the clampdown before parliament, Defense Minister Yitzhak Rabin said: "We will fight with all our power against any element that tries by violence to upset our full control over Judea, Samaria and the Gaza Strip, using the Biblical names for the West Bank favored by the Israelis.

Contra Chief, Claiming Success, Says Troops Leaving Nicaragua Mine Area

By Wilson Ring Washington Post Service NEAR THE HONDURAS-NICARAGUA BORDER — A Nicaraguan rebel commander said his troops would pull out of a mining area in northeastern Nicaragua after a two-day offensive against three remote towns that he claimed had been the largest and most successful ever mounted by the rebels, who are known as the contras.



The contra leader, Enrique Bermudez, with some of his troops in the jungle on Tuesday, speaking of the attack.



The attack appeared to have been the most ambitious undertaken by the U.S.-backed rebels in their six-year war against the leftist Sandinist government. But the area, about 150 miles (240 kilometers) northeast of Managua, is difficult to reach and there has been no independent confirmation of claims by either side.



Israeli soldiers in a Bethlehem street on Wednesday.

Madrid Is Said to Tell Washington To Withdraw 72 F-16s in 3 1/2 Years

By Jim Hoagland Washington Post Service MADRID — Prime Minister Felipe Gonzalez has broken off negotiations with the United States over the stationing of three squadrons of U.S. F-16 fighter-bombers in Spain and has told Washington it must withdraw the aircraft within three and a half years, diplomatic sources disclosed Wednesday.

The sudden decision by Mr. Gonzalez to declare the departure of all 72 F-16s from Torreon air base a "nonnegotiable" issue and to set a withdrawal deadline for them unilaterally was conveyed to the U.S. Embassy on Dec. 10. The decision has been a closely held secret in both countries since then, according to those sources.

Spain's action is the first important unilateral reduction of U.S. forces ordered by a European ally since France closed U.S. installations in 1966 and withdrew from the North Atlantic Treaty Organization. It creates the potential for a bitter and divisive dispute that officials in both countries say they have been successful in avoiding until now.

U.S. officials in Washington are also concerned about the ripple effect the Spanish move could have on U.S. efforts to arrive at new basing agreements in Greece and the Philippines and to resolve disputes with Turkey and Portugal over existing defense accords.

Loss of the three F-16 squadrons, which make up the 401st Tactical Air Wing, is likely to mean the withdrawal of all of the 4,500 U.S. airmen stationed at Torreon and closure of the base, which is located just west of Madrid. U.S. officials have indicated in the past.

Interpol Takes It on the Lam — to Lyon

By Barry James International Herald Tribune PARIS — The law's longest arm is growing longer. Interpol, the international criminal police organization, is moving from Paris to new high-tech headquarters in Lyon, in southern France.

The 146-nation organization's general secretary is putting all its records into computers and upgrading its communications in preparation for the move, which is scheduled in about a year.

What this means, according to Antonio Lazzoni, an Italian police inspector who heads the Criminal Investigation Department, is that by the time the secretariat transfers to Lyon, police forces in most parts of the world will be able to retrieve details, mug shots and fingerprints of wanted criminals within a matter of seconds. "Retrieval will be in real time, it will be instantaneous," Mr. Lazzoni said.

With the world's underworld getting richer, more powerful and more international all the time, police needs grow accordingly. Interpol is expanding to meet that need. The present staff of 280, supported by liaison offices around the world, is likely to grow once the organization moves to its new home.

Interpol, founded by the police forces of seven nations in Vienna in 1923, has been based in Paris since the organization was recreated after World War II. France's influence within the organization has waned. The secretariat now includes senior policemen from around the world and works in four principal languages — French, English, Spanish and Arabic.

Dealers Doubt G-7 Statement Will Help Dollar

By Carl Gewirtz International Herald Tribune PARIS — The dollar made modest gains in thin pre-holiday trading Wednesday but foreign exchange dealers were skeptical that Tuesday's policy statement by major industrialized countries would be sufficient to alter the currency's long-term downward trend.

The overnight statement on exchange rates from the Group of Seven — although widely expected following President Ronald Reagan's signing of a bill to cut the federal budget deficit — did have a positive effect in the absence of any sales pressure, dealers said. But they attributed Wednesday's gains to the fact that the market is basically closed for the rest of the year.

In New York, the dollar ended at 1.6335 Deutsche marks, up from Tuesday's close of 1.6280 DM, and it was also higher in London. (Page 13.)

But looking beyond the market's present artificial calm, dealers saw nothing substantially new in the G-7 statement that was likely to reverse the pervasive negative sentiment concerning the outlook for the dollar.

The key phrase of the new accord says officials agree that "excessive fluctuations of exchange rates," whether up or down, "becomes destabilizing... could be counterproductive."

Madrid Is Said to Tell Washington To Withdraw 72 F-16s in 3 1/2 Years

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JPL/ciol/SD

Roh Says He Will Quit If South Koreans Show Disfavor in Plebiscite

By Clyde Haberman
New York Times Service
SEOUL — President-elect Roh Tae Woo says he will give up the presidency if he loses a public vote of confidence that he has pledged to seek after the 1988 Olympic Games here.

Mr. Roh, who was elected Dec. 16 with barely one-third of the vote, said Tuesday that he would have to win a majority in the plebiscite on his performance, which he presumably plans to hold within the next year or so.

"Of course, if people say no in the vote of confidence, I shall resign," he said in an interview.

Mr. Roh also acknowledged for the first time that some people in his ruling camp had been guilty of campaign misconduct.

He had no regrets, although the promise could come back to haunt him.

"I have set a goal," he said, "and by doing so, I'm telling myself and people in the party who are around me to work hard to accomplish what has been promised."



BREATHTAKERS — Four young women in Tokyo pausing for a three-minute breacer of pure oxygen from mini-containers being sold at a department store bar. The manufacturers say oxygen is a great way to beat fatigue.

National Tragedy Mars Manila Christmas

By Barbara Crosser
New York Times Service
MANILA — The mile or two separating the glittering hotels of Manila from the garbage-strewn North Harbor docks of the Sulphio Shipping Lines measures the distance between two Filipino nations.

President Corazon C. Aquino called the accident one of the worst in maritime history, "a national tragedy of harrowing proportions."

The passengers on the Dona Paz, some of them dislocated by a typhoon that swept their islands earlier this month, were looking forward to Christmas in Manila.

Some of them were looking forward to Christmas in Manila. Here, a Coast Guard official said, they had family, warmth and support.

DOONESBURY



WORLD BRIEFS

Panama Sentences Critic of Noriega

PANAMA CITY (AP) — A former army chief of staff, whose accusations against General Manuel Antonio Noriega, Panama's military leader, set off weeks of protests, was sentenced to five years' imprisonment for crimes against state security, a court official said Wednesday.

2 Syrian Soldiers Are Killed in Beirut

BEIRUT (UPI) — Two Syrian soldiers, part of a 7,000-man force deployed in West Beirut, were found shot and killed Wednesday in a residential area in the city's predominantly Moslem sector, security sources said.

China Jails 26 for Selling Panda Fur

BEIJING (AP) — A court sentenced 26 men to prison sentences ranging from two years to life for hunting rare giant pandas and trafficking in their skins, the official Xinhua press agency reported Wednesday.

Ulster Moderates Decry IRA Killing

BELFAST (AP) — Catholic moderates Wednesday decried the bombing murder of a leading Protestant activist, John McMichael, saying he could have played a role in bringing peace to the province.

Black Mob Kills 4 in Natal Township

JOHANNESBURG (Reuters) — A mob burned and stabbed four persons to death in a Natal township amid signs that feuding between rival black political groups in South Africa was intensifying.

Sri Lankan Party Chief Killed in Car Ambush

COLOMBO — A gunman shot and killed the chairman of Sri Lanka's ruling United National Party and three members of his staff on Wednesday, police said.

Iran Facility Pumping Oil After Attack

DUBAI, United Arab Emirates — A giant storage tanker at Iran's Larak Island oil terminal was operating normally on Wednesday despite fire that engulfed its crew quarters following an Iraqi air attack, shipping sources said.

TRAVEL UPDATE

Engine Mounts on 737s to Be Checked

WASHINGTON (AP) — Federal aviation investigators have urged closer inspection of engine mounts on hundreds of Boeing 737 aircraft to detect possible cracking after an engine fell off a USAir jet during flight earlier this month.

Correction

The dollar's close against the Deutsche mark in New York was misstated in the currency markets story in Wednesday's late edition. The correct rate was 1.6280 DM.

Chirac Made Arms Sales To Iran, Paper Asserts

By Youssef M. Ibrahim
New York Times Service
PARIS — France's arms deals with Iran, which began in 1983 under President Francois Mitterrand, continued as late as this summer under his political rival, Prime Minister Jacques Chirac, French newspapers have reported.

Mitterrand Assails Jailing of Kanak

PARIS — President Francois Mitterrand said Wednesday that the arrest of a New Caledonian Kanak separatist leader aggravated problems in the Pacific territory.

Montand Got Fee

Yves Montand, the French actor and singer, said Wednesday that he received a 800,000 franc (\$145,500) fee for a television appearance during which he ended months of speculation by denying that he intended to run in April's presidential elections.

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Effects of

Effects of... (partial text from adjacent page)

Why a Top Is Great

Why a Top Is Great... (partial text from adjacent page)

Daisuke Ya Headed Jay

Daisuke Ya Headed Jay... (partial text from adjacent page)

هكذا من النور



SUBMERGED CAR — Jack Feinerman, 85, seated at right with his wife Judy, being comforted by friends as he contemplates his car. He lost control of the vehicle and drove it into a swimming pool at a condominium at Boca Raton, Florida, killing a man lounging at poolside. Mr. Feinerman was charged by police with reckless driving.

North's Lawyer Sought Reagan Pardon

By Walter Pincus
Washington Post Service
WASHINGTON — Last January, in the early stages of the Iran-contra investigations, the attorney for Lieutenant Colonel Oliver L. North, the former White House aide, sought a presidential pardon for his client during a previously undisclosed White House meeting.

The meeting was with David M. Abshire, who was then special counsel to the president coordinating Iran-contra strategy for the White House.

Colonel North's lawyer, Brendan V. Sullivan Jr., was granted the meeting after a Jan. 16, 1987, telephone call from Mr. Sullivan to Attorney General Edwin Meese 3d. The call was taken by Associate Attorney General Stephen S. Trott, and Mr. Sullivan told Mr. Trott he wanted to meet privately with President Ronald Reagan.

Mr. Sullivan refused to specify what he wanted to discuss with Mr. Reagan. Several days later the lawyer was received by Mr. Abshire, according to former White House aides and to still secret testimony before the congressional Iran-contra committees.

Mr. Abshire said Tuesday that the thrust of the presentation by Mr. Sullivan was that Colonel North deserved a pardon because he was "a man trying to do his duty, serving the president."

Mr. Sullivan, according to Mr. Abshire, also said during the meeting that "this thing could drag on" and he "may have also mentioned" that a pardon would permit Colonel North to testify freely before Congress.

At that time, the independent counsel, Lawrence E. Walsh, was just beginning his criminal investigation, the congressional Iran-contra committees were organizing and preparing for public hearings, and Colonel North had already invoked his Fifth Amendment right not to testify before three congressional committees on the ground that he might incriminate himself.

Mr. Reagan's strategy at that time was to get Colonel North and his former superior at the National Security Council, Rear Admiral John M. Poindexter, to tell their stories before Congress under grants of limited immunity, Peter Wallison, then the White House counsel, said Tuesday. However, Mr. Walsh had formally requested the Iran-contra committees to delay granting immunity to any witnesses.

Mr. Abshire said Mr. Sullivan was told that "no consideration was being given" to pardons, but that "what he said would be passed on." Also attending the meeting were Mr. Abshire's deputy, Charles Brower, and an assistant to Mr. Wallison.

Mr. Wallison said Tuesday that no action was taken on Mr. Sullivan's request.

Administration officials acknowledged that the handling of Mr. Sullivan's request for a meeting reflected their nervousness about Colonel North's lawyer and the difficulties he and his client might cause for Mr. Reagan.

Effects of Budget Cuts Appear Minimal

By Paul Blustein
Washington Post Service
WASHINGTON — The spending and tax bills signed by President Ronald Reagan will not actually shrink the U.S. budget deficit from this year's level, budget experts said, but rather will only keep the deficit from significantly widening.

Moreover, some of the savings said to be part of the legislation that was signed on Tuesday — such as provisions that simply shift spending into the future — have minimal effects on the nation's long-run fiscal woes.

Without this, we're looking at deficits jumping back to \$200 billion a year," said Carol Cox, president of the Committee for a Responsible Federal Budget, a group of prominent citizens and former government officials.

Moreover, Congress achieved some restraint in two fast-growing areas of the budget — farm subsidies and Medicare, the health program for the elderly. A Senate Republican staffer, noting that actual cuts were made in the target prices for commodities used to determine subsidy payments, said, "I'm amazed we pulled that one off."

But there are several questionable savings, especially in domestic spending accounts, sprinkled throughout the package. The legislation purports to shrink the projected deficit by \$33.2 billion in fiscal 1988 and \$45.8 billion in fiscal 1989. Of that two-year, \$79 billion total in promised savings, about \$1.1 billion is achieved by delaying Medicare payments to doctors and hospitals, so that some of the cost is simply deferred.

Another \$500 million comes from allowing federal retirees to spread benefits over two years — again, deferring expenses. Another \$500 million comes from a tenuous promise by the Postal Service to improve productivity.

Why a Top-Level U.S. Government Job Is Great — Even at One-Fifth the Pay

By Gerald M. Boyd
New York Times Service
WASHINGTON — A recent financial disclosure form submitted by Frank C. Carlucci, President Ronald Reagan's new secretary of defense, raises a question about some of Washington's top bureaucrats that, on the surface, seems baffling.

Why would a business executive drawing a salary of almost \$400,000 a year, as Mr. Carlucci was, go to work for the government at about one-fifth that amount?

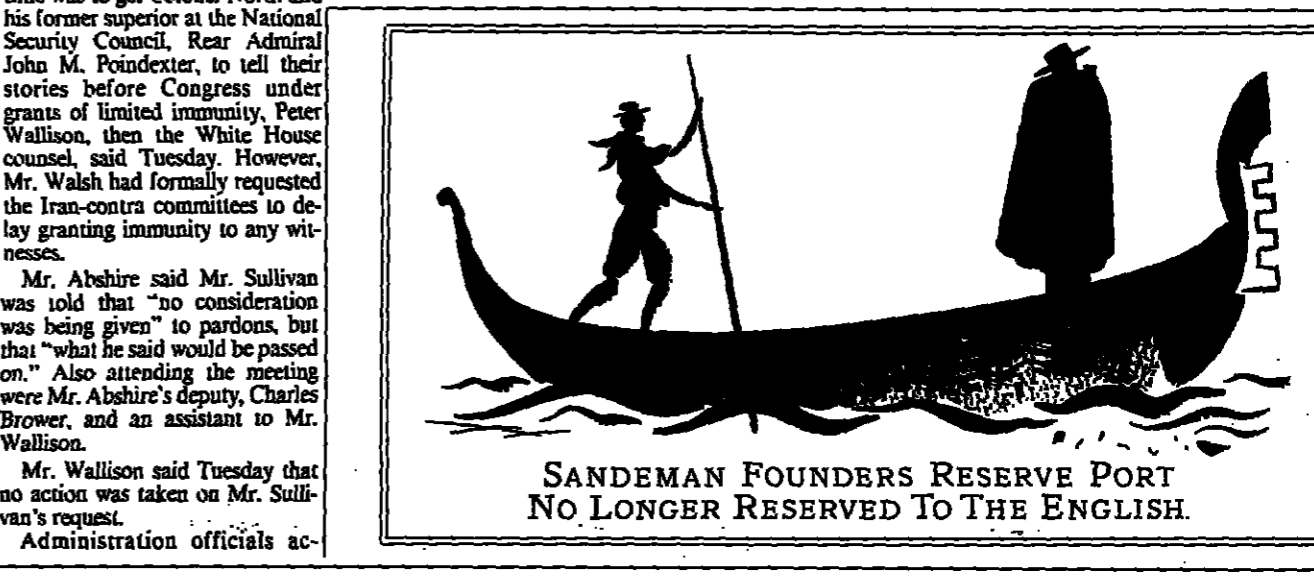
Mr. Carlucci had been out of government since working as a speech writer in the Nixon and Ford administrations. He has now returned again to private life, working as a columnist and television commentator and writing a book.

Daisuke Yamauchi Dies; Headed Japanese Daily

The Associated Press
TOKYO — Daisuke Yamauchi, 62, president of the Japanese daily newspaper Mainichi Shimbun, died of liver failure on Tuesday.

Mr. Yamauchi, a native of Fukuoka Prefecture in western Japan, joined the Mainichi in 1949 following his graduation from the University of Tokyo.

Mr. Yamauchi worked in the White House for about a year as a deputy assistant for public liaison, then left in 1985 to join a Washington law firm. Two years later he was back among the select group of senior White House aides performing a new task for the president.



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The Troubling Dollar

Has the dollar fallen too far, or not far enough? Governments of the Group of Seven countries say they want to stop it from declining further...

People with dollars in their pocket may find it better to spend them in the United States, if they can, than abroad. The Organization for Economic Cooperation and Development reports that...

This is frightening for those who want to see exchange rates stabilize after the gyrations of the past decade. Can the run on the dollar be arrested if markets see a further string of big trade imbalances?

A Mirror-Image in Brazil

Both of the world's biggest debtors know that they have to reduce their national budget deficits. But, for very similar reasons of domestic politics, neither is making much progress...

Both Brazil and the United States are going to have to swing more resources into their export industries to carry their foreign debts. But the presidents of both countries resist higher taxes...

Brazil's finance minister, Luiz Carlos Bresser Pereira, has just resigned in a dispute with President José Sarney. Mr. Bresser Pereira wanted to increase taxation...

The Weinberger Legacy

Caspar Weinberger spent more and supervised less than any other U.S. secretary of defense. His successor, Frank Carlucci, is reaping the fruit of this indiscipline.

He asked the armed services to cooperate in cutting their budgets, and the results are close to insubordinate. The navy's cuts at first amounted to \$1 billion less than Mr. Carlucci requested.

The navy has been allowed to order two new aircraft carriers, achieving its long-sought goal of 15. Yet it probably cannot afford to buy enough aircraft to fill them. In striving to build a fleet of 600 ships...

The navy does not deserve special blame. Whenever military budgets start to rise, each of the armed services orders as many different kinds of new weapons as it can.

An Explanation Is Owed

The navy brass owe an explanation. After almost three months of grilling and polygraphing the one suspect it knew to be guilty, the Naval Investigative Service appears satisfied that marine security guards at the U.S. Embassy in Moscow didn't give away the store to Soviet spies...

OPINION
Reagan's Leaving the World to Gorbachev Spain Says No, and Has To Say More

By Hugh De Santis

WASHINGTON — President Ronald Reagan was justified in declaring the recent superpower summit meeting a success: Three days of talks with Mikhail Gorbachev resulted in the signing of the first nuclear arms reduction agreement...

that regional and human rights issues did not impede progress toward renewed détente. Mr. Reagan, in an even more striking departure, delinked them from the arms talks. The Soviet relationship, and long has been, the key item on the U.S. foreign policy agenda...

their own political powder kegs, and while Mr. Reagan's policy is not likely to reduce Soviet influence in the region, he could facilitate its spread.

Spain Says No, and Has To Say More

By Jim Hoagland

MADRID — The discussion that Spain and the United States have conducted over the past 18 months on the future of the 401st Tactical Air Force Wing has routinely been described as a negotiation. But it is now clear that there has not been negotiating at all in any classical sense.

The Soviet Union has little to offer the newly industrialized countries of the Pacific Rim, either. But it has been quick to exploit opportunities created by U.S. protectionism. Opening, for example, Soviet markets to textiles and sugar from Thailand...

Mr. Barthelemy appears to have aimed from the start to fashion a negotiator's compromise splitting the difference. His first effort, in November, was to offer to withdraw one-third of the F16s in return for letting the others stay in ambiguous circumstances...

The two nations also dealt last each other on the crucial question of "substitution," as it is called in negotiating jargon. U.S. officials felt that Spain had committed its armed forces to take up the missions carried out by the 401st tactical wing as part of any withdrawal...

Spain, for its part, would prefer to portray the "negotiation" aftermath as an exclusively U.S. problem, arguing that it is solely up to Washington whether this becomes as divisive a dispute for NATO as the French withdrawal was in 1966...

Philippines: Democracy Threatened

By Diane Orendlicher

NEW YORK — The Aug. 28 coup attempt against the government of Corason Aquino — its leader, Colonel Gregorio Honasan, was captured only last week — shattered the U.S. government's complacency toward the Philippines.

Following the attempted putsch, the question, "Can she make it?" dominated the policy debate in America. Yet to many Filipinos, the United States' preoccupation with the prospect of more such attempts seems somewhat beside the point.

Though riven by internal divisions, the military has largely redefined the terms of the nation's human rights debate; the commitment to protecting citizens from military abuses — once the hallmark of the Aquino administration — has all but vanished from its public agenda.

The military, like some right-wing politicians, has also sought to neutralize independent human rights monitors by labeling as Communists those who report on military abuses and defend human rights.

A Call for a New Marshall Plan

The United States has a major interest in assisting the Philippine government meet the serious challenges now confronting it. There is far more at stake than just continued access to military bases at Subic Bay and Clark Air Field, as important as those bases may be.

At stake in the Philippines is a far more important principle: that peaceful democratic change can succeed in the Third World.

The economy, ravaged by the crony capitalism of the Marcos years, is staggering under a \$29 billion foreign debt. In 1986, the Philippines paid over \$1 billion more in debt service to foreign creditors than it received in new assistance.

purged a former Communist stronghold in southern Mindanao of rebels. She has failed, however, to acknowledge the problem posed by the thousands who are armed, perhaps because she does not believe she can afford to oppose a policy favored by a military she does not control.

The writer, the deputy director of the Lawyers Committee for Human Rights, contributed this comment to The New York Times.

Dominica: A Success Is Being Reaped

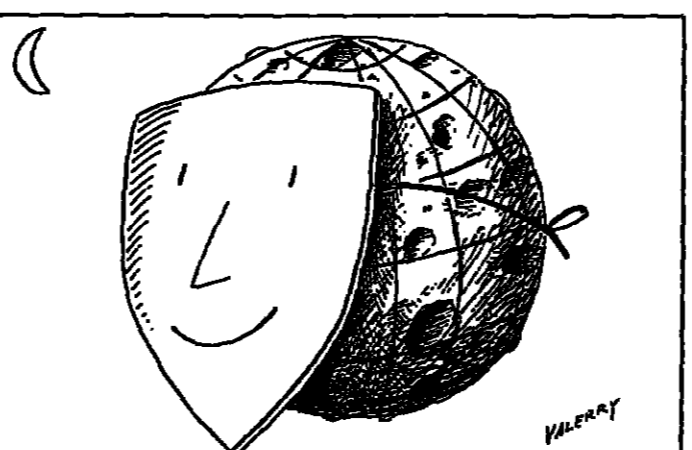
By Jonathan Power

ROSEAU, Dominica — Once in a while the traveler sees a connection that makes his heart beat fast. What is declared impossible in one corner of the globe he finds is being done in another.

When in 1978 it won its independence from Britain, it was an island with three societies: the estate owners, wealthy, inbred and verging on the indolent; the inhabitants of the sleepy capital of Roseau, relatively prosperous; and the rest, mainly workers on the estates, poor, but not impoverished, thanks to a good basic system of health services and the pure water and the invigorating climate of the mountains.

Moreover, because the politicians of the new order were black, they felt obligated to resonate the feelings of their newly liberated electorate, not that of the privileged few. They were also astute and realized early on that Dominica did not have many alternatives. Other islands had the white beaches. Indeed in this mountainous country there was hardly room to build but the shortest airstrip, much less the standard runway suitable for tourist jets.

Agriculture had to be. So Dominica's politicians talked agriculture and the need for people to take the land seriously and not emulate the typical Third World rush to find salvation in the town. Those who could



not or would not heed the message migrated not to Roseau but to London and New York. By and large those who stayed behind wanted to make its agriculture work. But when the government was slow to follow through on its rhetoric there was revolt.

The first estate, Geneva, has recently ended its first full year under the new order. There are 370 farms on 730 acres (295 hectares) of agricultural land. It has transformed the lives of more than 1,500 people. With a quarter of an acre of ginger alone a farmer can make \$1,500 a year, compared with earning an estimated few hundred dollars before. Add to this bananas, passion fruit, grapefruit, guavas and food crops and one can see that a family's fortunes are transformed.

Now the government has acquired nearly all the large estates. Surprisingly, owners offered little resistance. Indeed many wanted to sell out voluntarily. Increasingly they were unable to attract labor. Banana prices have been climbing steadily and workers have preferred to stay home working their own small fields rather than work for the low-paying inefficient banana estates.

100, 75 AND 50 YEARS AGO

1887: A See for Boston

ROME — The latest feeling and information in Rome favor the news that a Cardinal's hat is likely to be offered to Archbishop Williams of Boston. After the Baltimore Council the general feeling was that Boston, and not Baltimore, should be the next seat of learning, but its importance in Baltimore, Archbishop Williams, on hearing that a strong party was in favor of raising him to the Sacred College, wrote straight to the Pope and urged the Holy Father to give the "hat" to Baltimore.

1912: A Bomb in Delhi

LONDON — Lord Hardinge, Viceroy of India, had a miraculous escape from being killed by a bomb, which was thrown as he was making his state entry into Delhi yesterday (Dec. 23). The bomb exploded with terrific force, wounding the Viceroy, killing an attendant and wounding another. Lady Hardinge was unharmed.

1937: Ford Is Accused

WASHINGTON — In the strongest, most important and most sweeping decision it has yet made, the National Labor Relations Board today (Dec. 23) unanimously accused the Ford Motor Company of violating the Wagner Act, and ordered it to cease discouraging the membership of its employees in the United Automobile Workers of America.

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Handwritten text at the bottom center of the page: "مركز الامم المتحدة"

OPINION

In Bloody Gaza, It's a Race Between Patience and Panic

By William Safire

NEW YORK — Our knee-jerk reaction to pictures of soldiers manhandling demonstrators is to regard the soldiers as brutal and the rioters as heroic. That's not always true.

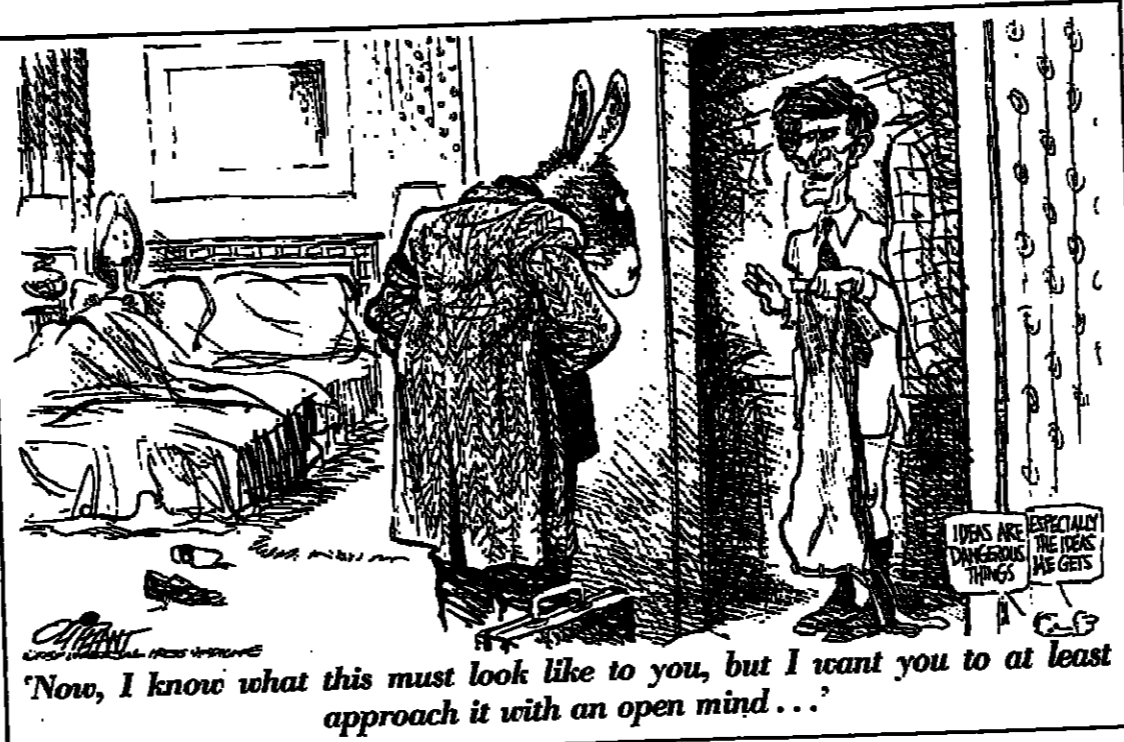
security needs — and we can see why many Palestinian demonstrators are not crazy to hope that violence will pay off.

In Gaza and the territory west of the Jordan River, a score of Palestinian Arab demonstrators have been killed in recent weeks. The bloodshed began with the stabbing of an Israeli and escalated when a traffic accident killing four Arabs was misperceived as retaliation.

Moreover, rioters — including Iran-sponsored terrorists to whom death is not a deterrent — have noted increased Israeli concern for world opinion.

Most Israelis refuse to believe that they are limited to the Three Terrible Choices: 1) ruling over a colony of rightly resentful, disenfranchised Arabs on the West Bank and Gaza; 2) absorbing all those Arabs into an Israel that would ultimately lose its Jewish identity; or 3) driving them across the Jordan River into a Palestinian state on the East Bank.

And, when there are numerous successful foreign companies in Japan, why do the majority of American businessmen try to push through legislation to protect themselves? Protectionism will only strangle them in the long run.



Another choice will emerge. In time, realistic Arab rulers beyond Egypt will stop trying to distract their people from internal inequality by perpetuating their "holy war."

The Story Behind the Tale Of 'The Gift of the Magi'

By Edith Evans Asbury

NEW YORK — During the first decade of the 20th century there burst upon the literary scene in New York a prolific short-story writer named O. Henry.

dence. O. Henry was smoking a cigar. He had not written the story yet.

MEANWHILE he still produced an amazing 49 stories before the year ended. Editors at the New York Sunday World newspaper wanted one more, for their Christmas edition.

As young Williams lay on a couch reading a magazine, O. Henry, pausing now and then to think, produced more pages. By 9 the next morning the story was on the streets of New York in the Sunday World's Christmas edition.

The day before the story was due, the desperate editors sent a young reporter to prod the author, who was found sitting in a booth in a cozy saloon on Irving Place across the street from his resi-

dent. The money was all young Della had been able to save to buy a present worthy of her beloved husband, Jim, for Christmas the next day.

LETTERS TO THE EDITOR

Even Mice Can Bite Back

Regarding "Reluctance to Boost Domestic Demand Sours Trade Ties with U.S." (Special News Report on Japan, Dec. 9):

Stuart Auerbach's article raises questions, like: Why does the United States stand by and leave the dollar to the financial market mechanism, to slump further, while the central banks of Europe and Japan are hotly trying to support it?

With the unprecedented huge U.S. fiscal and trade-balance deficits, even though boosting the Japanese and German domestic demand may help a bit, could it basically solve U.S. deficits?

Why does the United States not retaliate against the exports from South Korea, Hong Kong, Taiwan and Singapore? (Look up the percentage they hold in import statistics.)

The Case for Legal Drugs

During my last 10 years of heavy drinking (I stopped on March 13, 1985), I progressively abandoned the use of cannabis, the two substances being violently antipathetic.

How would Americans feel if a Japanese or a German were to come into their homes and arrogantly tell them to buy this and that? It is good to remember that there is a limit to patience, and when anybody is pushed around too much, even a cornered small mouse will bite back at the cat.

H. FUKAZAWA, Reichenfels, Austria.

And the Other 'Elenies'?

The opinion column by A. M. Rosenthal, "Reagan Left Something Out of Eleni's Story" (Dec. 16), was correct in every respect, but if President Reagan left something out, I think Mr. Rosenthal left out much more.

Let's face it: No drugs is good drugs — but that has never been the case. In the recorded history of man every society has had its sweeter. When alcohol was banned, you get Al Capone as a pusher.

RONALD ISSEN, Paris.

The Flip Side of Reforms

The flip side of Mikhail Gorbachev's reforms is that they have made the West treat as remarkable and miraculous elsewhere what at home is common and uneventful: the right to search for and debate the truth.

PAUL MCNEILL, Copenhagen.

Where Has Harry Gone?

I was stuck in Venice for Thanksgiving and spent the day anticipating some sort of holiday gesture at Harry's Bar.

TH. KOULIS, Piraeus, Greece.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address.

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Table with columns: Country/Currency, 12 months (+ \$2 FREE ISSUES) SAVINGS, 6 months (+ 26 FREE ISSUES) SAVINGS, 3 months (+ 13 FREE ISSUES) SAVINGS. Rows include Austria, Belgium, Denmark, Finland, France, Germany, Gr. Britain, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Rest of Europe, Rest of Africa, Asia.

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After the wrap.

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SCIENCE

Discovery of the Gene That Determines Sex

IN BRIEF

Photonics: A Step Beyond Electronics

BERKELEY HEIGHTS, New Jersey (WP)—Photonics, a field whose promoters say it could someday rival or even supersede electronics, took an important step forward when engineers at AT&T Bell Laboratories demonstrated a new optical amplifier.

Interferon May Assist in Pregnancy

COLUMBIA, Missouri (NYT)—A protein that had not been previously linked to pregnancies may play a crucial role in getting a pregnancy started, researchers report. The protein, an interferon, was already known to help the immune system kill viruses and certain kinds of cancer cells.

Scientists Find Slabs of Earth's Crust

PASADENA, California (NYT)—Geophysicists at the California Institute of Technology believe they have solved a long-standing scientific mystery: What happens to material from Earth's moving crustal plates after it sinks out of sight at the so-called subduction zones?

Questions Concerning Ear Treatment

SAN ANTONIO, Texas (UPI)—A study has cast doubt on the treatment doctors most often use to treat one of the most common medical problems among children—chronic fluid in the ear following earaches. It was found that removing the adenoids was actually more effective than the most commonly used method—inserting tiny tubes through the eardrums to drain out the fluid.

By Harold M. Schmeck Jr.

A new international team of scientists has discovered what appears to be a gene that determines whether a human embryo will grow into a male or a female.

some, which is found normally in male cells. The newly identified gene is named TDF for testes determining factor.

The deciding difference in genetic endowment between male and female has long been known to lie on the Y chromosome, the male sex chromosome.

Normally a male will develop when the embryo has received an X chromosome from its mother and a Y chromosome from the father.

Ethics aside, the discovery could not be used to alter the sex of a fetus because transplanting the gene would face enormous technical difficulties and the outcome would be highly uncertain.

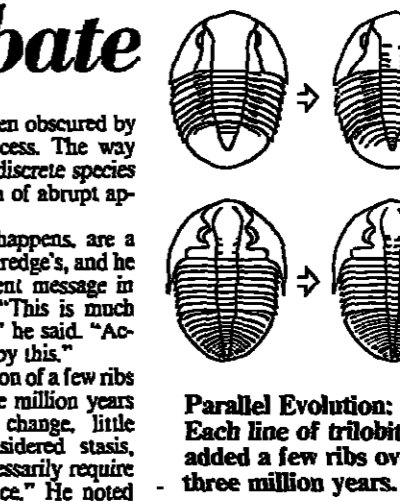
Fossil Study Fires Evolution Debate

By James Gleick

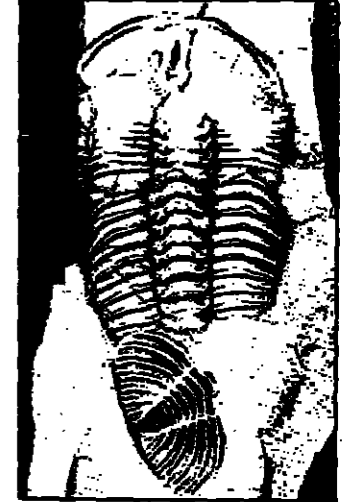
WHEN Peter Sheldon chipped his first fossil trilobite from some rocks in Wales a decade ago, two American scientists were transforming standard evolutionary theory with a radical idea.

Dr. Maynard Smith has written a strongly worded commentary to accompany the trilobite study in the journal Nature, rekindling passionate debate. Proponents of punctuated equilibrium, however, argue that he is exaggerating the importance of the new research and misrepresenting their positions.

Dr. Sheldon, dating his specimens according to the layers of rock from which he retrieved them, has assembled a history of eight different lineages. Overall, he finds a clear trend. The youngest members of each line had several more ribs than their ancestors had three million years before.



Parallel evolution: Each line of trilobite added a few ribs over three million years.



Peter Sheldon

change that separates existing species. Even he acknowledged, however, that punctuated equilibrium correctly describes the tendency of many species to remain static over long periods, a tendency that few recognized a generation ago.

NYSE Most Actives

Table with columns: Vol., High, Low, Last, Chg. Lists active NYSE stocks.

Market Sales

Table showing market sales for NYSE, AMEX, and NASDAQ.

NYSE Index

Table showing NYSE Composite, Industrial, and Utility indices.

AMEX Diary

Table showing AMEX stock activity.

NASDAQ Index

Table showing NASDAQ Composite, Industrial, and Utility indices.

AMEX Most Actives

Table with columns: Vol., High, Low, Last, Chg. Lists active AMEX stocks.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages for Corporate, Government, and Municipals.

NYSE Diary

Table showing NYSE trading activity.

Odd-Lot Trading in N.Y.

Table showing odd-lot trading in NY.

Dow Jones Averages

Table showing Dow Jones Industrial, Transportation, and Utility averages.

Standard & Poor's Index

Table showing Standard & Poor's Industrial, Transportation, and Utility indices.

NASDAQ Diary

Table showing NASDAQ trading activity.

AMEX Stock Index

Table showing AMEX stock index.

Dow Rises to Close Above 2,000

NEW YORK — Prices on the New York Stock Exchange rose Wednesday in active trading, as futures-related buy programs and a firming dollar pushed the Dow Jones industrial average above 2,000 for the first time in about two months.

The index of 30 leading U.S. shares, which fell 11.93 points on Tuesday, closed 27.19 points higher at 2,005.64. The blue-chip indicator had not closed above 2,000 since Nov. 2, when it finished at 2,014.09.

Advances led declines by nearly 3 to 1, while volume climbed to 203.62 million shares from 192.70 million on Tuesday. Prices were also higher in active trading of American Stock Exchange issues.

Table showing 12-month high and low for various stocks.

12-Month High Low Stock Div. Yld. PE

Large table with columns: 12 Month High Low Stock Div. Yld. PE, listing various stocks and their performance.

12-Month High Low Stock Div. Yld. PE

Large table with columns: 12 Month High Low Stock Div. Yld. PE, listing various stocks and their performance.

(Continued on next page)

Wednesdays NISE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

Table of stock prices with columns for 12 Month High, Low, Stock, Div. Yld. PE, and Close.

Table of stock prices with columns for 12 Month High, Low, Stock, Div. Yld. PE, and Close.

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Table of stock prices with columns for 12 Month High, Low, Stock, Div. Yld. PE, and Close.

Advertisement for International British Firms with text 'Benefits in Benef...' and 'Current'.

Additional stock price information and market data.

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U.S. Automakers Report Lower Sales

DETROIT — Domestic sales of U.S.-made cars fell 17.7 percent during the second 10 days of December from very strong year-earlier levels, automakers said Wednesday, while sales of U.S.-made light trucks rose 1 percent. General Motors Corp., Ford Motor Co., Chrysler Corp., Honda Motor Corp., Volkswagen of America, Nissan Motor Manufacturing U.S.A., Toyota Motor Sales U.S.A. and Mazda Motor Manufacturing (USA) Corp. reported combined U.S. sales of 154,187 cars during the Dec. 11-20 period. The latest figures compare with 210,654 units sold in the year-earlier period, when Toyota was accelerating production of its U.S.-made cars. Car makers sold an average 19,273 cars a day during the latest period, which had eight selling days. This compares with 23,406 cars a day in the year-earlier period, which had nine selling days. In the light-truck category, domestic sales amounted to 89,992 units or 11,249 a day compared with 100,260 or 11,140 a day. The figures translated into an annual sales rate of 7.2 million cars in mid-December, down from 8.8 million in the year-earlier period. Last year's figures were strong because of the surge in buying to take advantage of tax benefits that disappeared in 1987. With only one more 10-day selling period to go, car makers have sold about 6.87 million cars so far this year, down 13.2 percent from the comparable 1986 period. GM's sales declined by 16 percent in mid-December, while Ford posted a 28.4 percent decline. Chrysler, which formally acquired American Motors Corp. earlier this year, reported a 15.1 percent slide in sales when compared with the combined total a year ago. GM's share among the eight car makers rose to 51.4 percent from 50.3 percent. Ford's share stood at 25.8 percent, down from an unusually high 29.7 percent last year. Chrysler's share stood at 14.5 percent, up slightly from 14.1 percent.

NYSE High-Lows

Table of NYSE High-Lows with columns for NEW HIGHS and NEW LOWS.

AMEX High-Lows

Table of AMEX High-Lows with columns for NEW HIGHS and NEW LOWS.

Matsushita and Kodak Form Battery Venture

TOKYO — Eastman Kodak Co. and Japan's Matsushita Electric Co. have agreed to form a joint venture to produce alkaline manganese batteries in the United States, Matsushita said Wednesday. The new company, Matsushita-Ultra Tech. Battery Corp., will be capitalized at \$30 million and 70 percent owned by Matsushita. It will start production in the first half of 1989 at a site yet to be determined, the company said. The batteries made by the new corporation will be distributed by Matsushita under the Panasonic brand name and by Kodak under the name Supralife, the announcement said.

BUSINESS ROUNDUP

Braniff Drops Plan to Buy Pan Am

NEW YORK — Pan Am Corp. said Wednesday that Braniff Inc., the Dallas-based airline, has dropped a proposal to acquire its Pan American World Airways Inc. subsidiary.

Under the agreement, Pan American World Airways would have become a separate company before merging with Braniff.

A.H. Robins Gets Third Offer

RICHMOND, Virginia — A.H. Robins Co. said Wednesday that it had received a takeover bid from American Home Products Corp., under which American Homes would acquire Robins with common stock valued at \$550 million.

Salomon's Chief Takes Pay Cut Of \$2 Million

NEW YORK — In a sign of the decline in the securities industry this year, John H. Gutfreund, the chairman and chief executive of Salomon Inc., is taking a \$2 million pay cut in 1987.

Goodrich Tires of Its Traditional Business

By Jonathan P. Hicks New York Times Service NEW YORK — B.F. Goodrich Co., one of the most venerable names in tires, is getting out of the business.

Charles Ames, a partner in the investment firm, would become chairman and chief executive of Uniroyal Goodrich. Mr. Ames is a former chairman and chief executive of Acme-Cleveland Corp. and a former president and chief executive at Reliance Electric Co.

Gold Fields Buys Stake in KBE

LONDON — Consolidated Gold Fields PLC has agreed to pay £42 million (\$76.8 million) for half of Kleinwort Benson Lonsdale PLC's subsidiary, Kleinwort Benson Energy Ltd., and its holding will rise to 75 percent within three years.

Trafalgar Sets Acquisition

LONDON — Trafalgar House PLC, the British property and industrial concern, said Wednesday that it had agreed to acquire the property and development company Chase Property Holdings PLC for about £198.4 million (\$364 million).

BRITTOIL: U.K. Panel Allows Bid

concerns to establish their independence in the market place. Panel rules require a bidder to obtain more than 50 percent of the voting shares of a target company to succeed.

Floating-Rate Notes

Table with columns: Issuer/Mat., Coupon, Next Bid, Last Bid, Dollars. Lists various floating rate notes from issuers like Citicorp, Citibank, and others.

Deutsche Marks

Table with columns: Issuer/Mat., Coupon, Next Bid, Last Bid, Deutsche Marks. Lists various Deutsche Mark notes.

Japanese Yen

Table with columns: Issuer/Mat., Coupon, Next Bid, Last Bid, Japanese Yen. Lists various Japanese Yen notes.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Dec. 23, 1987

Large table listing international funds with columns for fund name, ticker, and price. Includes sections for AL-MAL GROUP, G.T. MANAGEMENT P.L.C. FUNDS, and OTHER FUNDS.

AS - Australian Dollars; BF - Belgium Francs; CA - Canadian Dollars; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; L.H. - Italian Lira; L.P. - Luxembourg Franc; S - Singapore Dollar; S.F. - Swiss Franc; S.M. - South African Rand; S.S. - South Korean Won; S.T. - Thai Baht; S.Y. - New Taiwan Dollar; S.Z. - South African Rand; S.Z. - South African Rand; S.Z. - South African Rand.

AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns for 12 Month High, Low, Stock, Div, Yld, PE, % High, Low, Close, and Date/Change. Lists various stocks and their performance.

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Table with columns for 12 Month High, Low, Stock, Div, Yld, PE, % High, Low, Close, and Date/Change. Lists various stocks and their performance.



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Marlboro, the number one selling cigarette in the world.

OTC Prices section on the right side of the page, listing various over-the-counter stocks and their prices.

CURRENCY MARKETS

Dollar Firms After G-7 Statement

Compiled by Our Staff From Dispatches
NEW YORK — The dollar closed higher Wednesday in New York and Europe, supported by a statement from the Group of Seven major industrial countries that a further fall in the U.S. currency would damage the international economy.

Also helping the currency was a remark by Britain's chancellor of the Exchequer, Nigel Lawson, that the dollar was undervalued.
In New York, the dollar rose to 1.6335 Deutsche marks, from 1.6280 on Tuesday; to 126.55 yen, after 126.40; to 1.3285 Swiss francs, from 1.3215 and to 5.5275 French francs after 5.5053.

The British pound also slipped, to \$1.8265 from \$1.8335.
"Of course, the G-7 officials do not want currency instability," said Joachim Zimmermann, chief dealer at Berliner Bank. "But they still have to take action to bring about their aims."

Some currency dealers had hoped the G-7 nations — the United States, Japan, West Germany, France, Italy, Britain and Canada — would act more firmly to buoy financial markets after the October stock market collapse and the dollar's plunge to postwar lows last week.

"A further decline of the dollar, or a rise in the dollar to an extent that becomes destabilizing to the adjustment process, could be counterproductive by damaging growth prospects in the world economy," the group said in its statement.
In an annex to the statement,

London Dollar Rates

Table with columns for Currency, Rate, and Bid/Ask prices for London Dollar Rates.

After the brief morning rally in Europe, the afternoon dragged on with fairly thin trading mostly confined to interbank activity, one dealer said.

Some currency analysts said that the lack of trading before the year-end holidays exaggerated the dollar's strength.
In London, the dollar traded at an early high of 1.6445 Deutsche marks, before slipping to close at 1.6335 DM, still above Tuesday's finish of 1.6285 DM.

The dollar also rose to 126.88 yen, after closing Tuesday at 126.50; to 1.3309 Swiss francs, from 1.3235 and to 5.5312 French francs after 5.5059.

The pound fell slightly, to \$1.8243 from \$1.8300.
Worse-than-expected British trade figures pushed sterling lower on its trade-weighted index. It opened at 75.5 percent of its 1975 value against a basket of currencies, but closed at 75.4, below Tuesday's finish at 75.6.

Britain's deficit on the current account, the widest trade measure, widened to \$595 million in November from \$282 million the previous month. The cumulative gap for this year's current account grew to £2.1 billion.

In earlier European trading, the dollar was fixed higher at 1.6375 DM in Frankfurt after 1.6305 on Tuesday, and in Paris at 5.5385 French francs from 5.5155.
In Zurich, the dollar closed higher at 1.3318 Swiss francs from 1.3248.

OECD Warning on Limits of Intervention

PARIS — With no further U.S. budget cuts likely before next November's presidential election and with West Germany resisting calls to stimulate its economy, any market challenge to the Group of Seven's renewed commitment to stabilize exchange rates would have to be countered by market intervention and interest-rate manipulation.

In its semiannual economic outlook published Tuesday, however, the Organization for Economic Cooperation and Development warned that there is only limited scope for such intervention to work.
"Intervention, by itself and in the absence of accompanying changes in domestic monetary conditions, can, on the evidence, affect exchange rates only for a limited period of time, and only to the extent of slowing down underlying trends," the OECD said.

There are limits, furthermore, to the scale of intervention that would be acceptable: Beyond some point, it might entail an excessive exposure to

exchange-rate risks for central banks of surplus countries, and raise fears that eventually these countries would no longer be able to offset the impact of intervention on domestic liquidity — with the risk that expectations of higher inflation would be rekindled," it said.

The organization noted that "the scope for surplus countries to lower interest rates as a means of promoting stable exchange rates in the face of downward pressure on the dollar could likewise be limited: A new acceleration of monetary growth could lead to a return of the tensions that preceded the crisis in stock markets, with a revival of inflationary fears and a general increase in long-term interest rates."

"In sum," it concluded, "there is a risk that monetary policy could be overburdened and be faced with a dilemma if," in addition to its domestic responsibilities, it were assigned to "promoting exchange-rate stability without there being adequate fiscal and structural policies in place."

Hong Kong Market Assailed

HONG KONG — Hong Kong's financial secretary, Fiers Jacobs, criticized the local stock exchange on Wednesday, complaining that it did not consult the government on its four-day closure in the aftermath of the October stock market collapse.

"I don't consider one single phone call," from the then-head of the exchange, Ronald Li, "as consultation," Mr. Jacobs said at a press conference. "I didn't like the idea of closure at any time. I was also concerned about the length of the closure."

Mr. Li retired on Dec. 16. Mr. Jacobs also assailed a recent

statement in a published interview by the exchange's current chairman, Charles Sin, that the stock market here would close again "if it were necessary."

"I was surprised to read that statement in the light of everything that happened," Mr. Jacobs said. "Markets are supposed to stay open."

The October closure to international criticism of the colony's stock market.

The Hang Seng index dived 1,120 points on Oct. 26 when trading resumed after the suspension, following a 4 billion Hong Kong dollar (\$312.8 million) rescue package arranged by the government for the local futures market.

FORECAST: U.S. Growth Figure

(Continued from first finance page)

inflation as measured by the Consumer Price Index rising 4.3.

Lawrence Chimere, chairman of the Wafa Group, a private forecasting service based in the Philadelphia area, said the administration forecast "is a little on the high side, but it is certainly within the range of reasonable."

Mr. Chimere noted that growth rates between 2 percent and 3 percent — while once considered anemic — are becoming more and more the norm.

Mr. Sprinkel declared that the overall U.S. economy remained sound, despite the current turmoil in financial markets. And he noted that the current growth rate of 3.7 percent is even exceeding the administration's own earlier projection of 3.2 percent growth in 1987.

revision for 1988 "is in line with many private forecasts" and "recognizes the likely negative impact on growth in 1988 of the recent stock market crash and the increase in interest rates and the tightening of monetary policy during 1987."

"Consumer spending is expected to grow rather slowly as households react to the stock market decline and seek to improve savings rate from their recent low levels," he said.

Blue Chip Economic Indicators, a financial newsletter that surveys 51 top economists each month for their forecasts, says the consensus is that the economy will expand at a 2 percent annual rate in 1988, with

G-7: Markets Skeptical on Currency Stabilization Accord

(Continued from Page 1)

reduction of the budget deficit that would further slow import demand.

Elsewhere, too, there are obstacles to immediate further change in basic policies. West Germany continues to insist that no further measures are needed to boost its economy and thus help lift import demand at home as well as throughout Europe. Taiwan, South Korea, Hong Kong and Singapore continue to resist measures to reduce their trade surpluses.

Despite the gloomy longer term outlook, foreign exchange dealers do not rule out the possibility of a dollar rebound early in January. Technical traders, who watch the

chart patterns made by the daily ups and downs of the dollar, say that a move up to 1.645 Deutsche marks would represent a signal to buy the dollar.

Dealers insist that only facts — good economic data — will lift the dollar.

If the favorable numbers are forthcoming, dealers say the dollar would recover to 1.7 DM, at which point chart watchers would again begin dumping the currency.

The major test for the Group of Seven will come then. Chartists say the next drop would take the dollar to 1.5 DM.

Wednesday's OTC Prices
NASDAQ prices as of 4 a.m. New York time.
This list, compiled by the AP, consists of the 1,600 most traded securities in terms of dollar volume.

Large table of stock prices and market data, including columns for stock names, prices, and volume.

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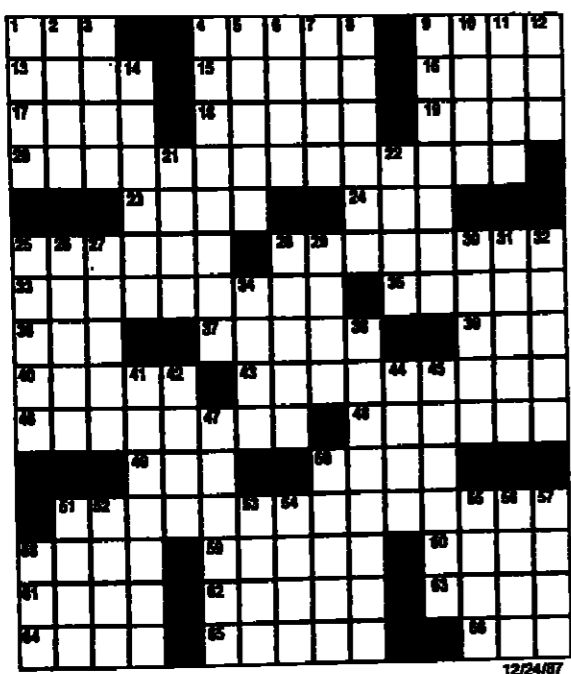
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Wednesday's AMEX Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of AMEX closing prices and market data.



CROSSWORD puzzle clues: ACROSS 1 Chilling story... 4 Dryden's... 9 Bar chaser... 13 Qualified... 16 Pindar poems... 17 Flowerly greetings... 18 Painter Dufy... 19 What nuns take... 20 Competitors for Edgars... 23 York's... 24 Sun god... 25 Seven singers... 28 When-and-where info... 33 Cloverlike plant with yellow flowers... 35 Man of La Mancha... 36 Future fish... 37 King's march site: 1965... 39 Keratan... 40 Off-the-cuff words... 43 State of caution... 46 Cowboy stories... 48 Vandyke's cousin... 49 Australian poet... 50 Eavesdroppers' plants... 51 Love-story coterie... 56 Branches gradually... 59 Gershwin's "Sometime Thing"... 60 Zoological suffix... 61 Grand Canyon... 62 Pedro's friend... 63 Marsh... 64 Fountain of music... 65 Early riser?... 66 Hairly primate... DOWN 1 It may make dates... 2 Petruchio's imperious... 3 Flash Gordon and Frank Merriwell, e.g... 4 Academic... 45 Computerized stock figs... 47 Landing strip... 50 Blows one's own horn... 51 Uncommon... 52 Leave out... 53 Request to "be faithful"... 54 Suffix re blood condition... 55 Neighbor of Col... 11 Report from... 12 Snaky shape... 13 Possessions... 21 Pre-R.S. grades



JUMBLE word game section with a grid and instructions: 'Unscramble these four Jumbles, one letter to each square, to form four ordinary words. TOARA BREHT CEEDDO GLARAN'.

WEATHER section with tables for EUROPE, ASIA, NORTH AMERICA, MIDDLE EAST, and OCEANIA, showing high and low temperatures for various cities.

World Stock Markets section with tables for Amsterdam, London, Frankfurt, Zurich, and other major financial centers, listing stock prices and market indices.

BOOKS: 'SECRETS OF THE TEMPLE: How the Federal Reserve Runs the Country' by William Greider. Reviewed by Earl W. Foell. The text discusses the economic crisis, the role of the Federal Reserve, and the author's critique of the system.

BRIDGE section featuring a bridge game layout with cards and a commentary by Alan Truscott.

Financial section titled 'Toronto Dec 23' with tables for Canadian stocks, currencies, and other market data.

Vertical text on the far right edge of the page, including 'Hockey' and 'KOREBOARI'.

ART BUCHWALD

Gifts for Gift Makers

WASHINGTON — New "Cost of Living Guidelines" have just come out as to how a family of four should spend its income.

Neil Morgan, an economics professor at the Black Monday School of Economics, came up with the new figures after studying 8,000 homes throughout the United States.



"The thing I discovered was that although many families are following the formula, there are still many who cheat and spend more on groceries than on the holidays."

"Their answers in most cases were unsatisfactory. One breadwinner told me it was traditional in his family to spend more on food-stuffs than Christmas and old habits are hard to change."

"I could see some people wanting to spend more on edibles than on Christmas, but why would they insist on increasing expenditures for housing?"

"Once again it boils down to greed and selfishness. In my interviews I found hundreds of people who said they would rather have a house that doesn't leak than a pool table."

"How could they defend that position?" "They insisted giving gifts is a bottomless pit. They wouldn't buy my economic theory that exchanging presents at the holiday season is not a luxury but a necessity."

"Have you thought about increasing the slice of the pie to 60 percent instead of 50?" "It would be ideal to lower housing and food spending to 30 percent and raise the holiday giving to 70 percent of one's salary."

"The malcontents who want to reduce gift expenditures have their priorities all mixed up. They would rather eat bread pudding than invest in electric trains. They don't give a fig if the children are happy or not."

"If a family were to adhere to their salary breakdown figures, would they get by?"

"Indeed. They should be able to meet all their needs and still have enough left over to play 'My Old Kentucky Home' on their new synthesizer."

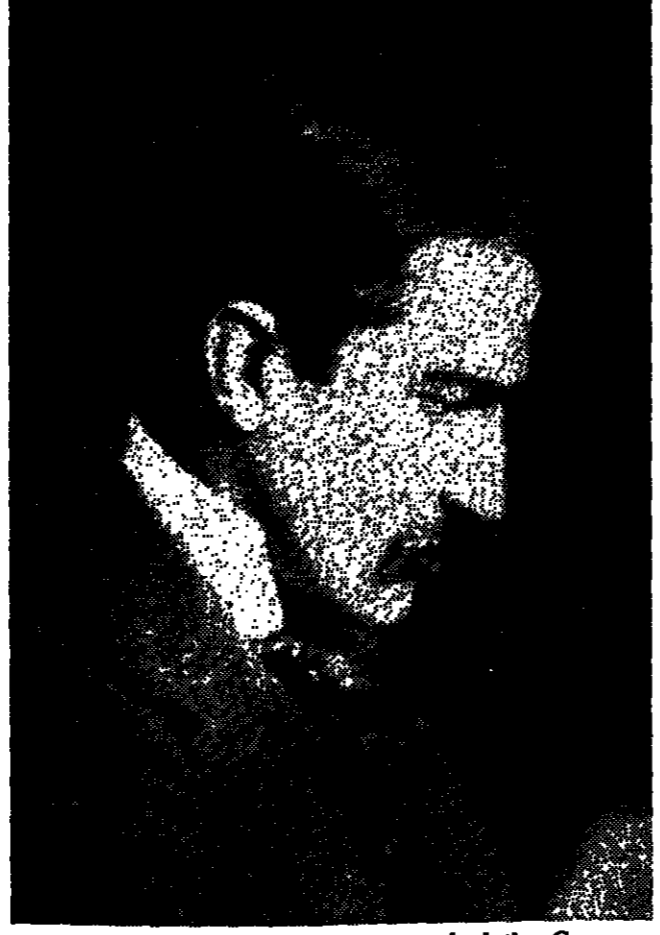
Professor Morgan said while he hopes people will abide by his formula, the percentages are not binding in cement.

"Should the ones who don't buy gifts at Christmas time be penalized?" "Not necessarily. But they must be aware that every time they take someone off their list a teddy bear manufacturer in Hong Kong dies."

A New Image of Stephen Crane

By Herbert Mitgang

NEW YORK — A markedly altered image of Stephen Crane that changes the familiar view of him as a dashing war correspondent appears in a new edition of his correspondence. The work adds 170 newly discovered letters by Crane and 20 by his wife, Cora, to the standard edition of his letters that came out three decades ago.



A less heroic, often duplicitous, manipulative Crane.

"In the past, Crane was regarded as the young American writer with only one good book to his credit, 'The Red Badge of Courage,' who was scorned by his countrymen and had to flee to England to gain recognition."

"The letters remove some of the covered-up facts about his life and character that were created by biographers in the past," Wertheim said. "The personality found in the new material is less heroic than the one propagated by his apologists. Crane was not a neglected genius overlooked by a philistine public."

While acknowledging Crane's genius, the editors show a certain ambivalence on a question long posed by scholars: how might Crane have developed had he not died of tuberculosis at age 28?

"It's hard to predict," Wertheim said. "The letters reveal that Crane was a flamboyant personality who was both reclusive and mercurial, retaining his inner identity while projecting varied images of himself."

"heart," he informed her that he was going off to the war in Cuba and said: "It breaks my heart to think of the delays and to think that I might have had you with me here if I had only known."

Surprisingly, one letter discloses that the author of the anti-war "Red Badge of Courage" wanted military honors for himself. In an 1897 letter to his brother, William, from a hotel in Athens, Greece, Crane said: "I expect to get a position on the staff of the crown prince. Won't that be great? I am so happy over it I can hardly breathe. I shall try — I shall try like blazes to get a decoration out of the thing but that depends on good fortune and is between you and I and God."

Wertheim commented: "It seems paradoxical that a writer who had exposed the futility of war and expressed an extremely cynical attitude toward heroism should just for a decoration, but Crane's vainglorious basis must be evaluated in the perspective of his guilt feelings over his youthful bohemianism and his desire to ingratiate himself with William, who was 17 years his senior."

To keep up with his high living on his estate in Surrey, Crane turned out stories without letup, not unlike what F. Scott Fitzgerald did when he was grinding out short pieces for 'The Saturday Evening Post' in the 1920s. To John Phillips, a partner in the S.S. McClure Syndicate, Crane wrote a letter in 1897, wondering: "What on earth have you done with 'The Monster'?"

"This was a story about a black handymen who worked for a doctor in New Jersey," Wertheim explained. "It showed Crane's great sympathy for people who were different — blacks, the disabled, eccentric and unusual — maybe like Crane himself." Wertheim considers "The Monster" one of Crane's best stories. Crane wrote, "For heaven's sake, give the story a chance."

PEOPLE
A Kafka Comeback?

A Czech cultural weekly has printed an unusually long article on Franz Kafka, whose works are highly acclaimed in the West but have been disparaged and barely acknowledged in his native Prague. The one-and-a-half-page article on Kafka's last completed novel "The Castle" in the weekly Tvorba opened with a plea to reassess long ignored Czech and foreign literature. (Kafka wrote in German.) Kvetla Hryskova said the literary periodical Nove Knihy (New Books) should have a regular column "for those works of Czech or world literature which for this or that reason have disappeared beyond the horizon, leaving an empty space or, even worse, an inadequate and sometimes considerably distorted image."

The Italian government on Wednesday cleared the way for Maria José, widow of the last king of Italy, to return to the country after a 41-year exile imposed by the constitution. Prime Minister Giovanni Goria's Cabinet approved a recommendation made earlier this month by a special court to lift the constitutional ban on the entry of the 81-year-old former queen of the House of Savoia. The Belgian-born Maria José, who lives in Switzerland, made a request last year to return to Italy. Her husband, Umberto II, died in exile four years ago. Umberto reigned for 26 days before being forced into exile in 1946 after a referendum abolished the monarchy.

A junk dealer handed out cigarette lighters and a mushroom picker sipped champagne to celebrate their luck in Spain's El Gordo, the yuletide "Fat One," the world's richest lottery. In a 224-year-old rite that vies with Santa Claus in popularity, Tuesday's Christmas lottery showered 10,419 prizes worth \$750 million on ticket holders across Spain. Although there are bigger single prizes in other lotteries, Spain's Christmas draw is the world's richest in total winnings. "I don't know how much I won but there is certainly to be food on the table tonight," said Maximo Gutierrez, a mushroom picker, as he drank champagne with fellow winners. Many of the big winners came from the Mediterranean city of Alicante. Alicante's biggest single winner was a 24-year-old school teacher, Juan 1.8 million. In France, who won \$1.8 million. Madrid, the junk dealer, Mamel del Peral, pressed cigarette lighters on passers-by to celebrate his winnings of \$21,800. A newspaper earnings of \$21,800. A newspaper earnings of \$21,800. A newspaper earnings of \$21,800.

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE

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Vertical advertisement on the far right edge of the page, partially obscured and illegible.